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RURAL INDUSTRIES IN COMMUNITY DEVELOPMENT BLOCKS

A GUIDE

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RURAL EXTENSION TRAINING CENTRE

CONTENTS

CHAPTERS		Page
I.	Introduction	1
II.	Objectives	2
III.	Survey and Planning	5
IV.	Programme	8
V.	Schemes for Special areas	13
VI.	Administration and Financial Resources	19
VII.	Industrial Cooperatives	23
VIII.	Role of Panchayati Raj	26

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CHAPTER I

INTRODUCTION

The programme of development of rural industries in the First and Second Plans has been slow and it has yet to make appreciable impact on the village economy. Among the existing artisans an urge has to be generated for improving their skills and for increasing production at low costs by employing better techniques and methods of production and also to take to new lines of production to keep pace with changing demands. With the introduction of Panchayati Raj and coming into existence of the various people's institutions, it is earnestly believed that a better atmosphere will be ushered in for creating a climate for rural industrialisation. In order to assist the members of the Block Panchayat Samitis and other workers of Community Development Programme an attempt has been made in this booklet to briefly indicate the various programmes of rural industrialisation that are visualized under the Third Five-Year Plan and also to state its broad objectives, type of survey and planning to be undertaken and to spell out the important role of industrial cooperatives and other people's institutions.

The various suggestions contained in this booklet are to be treated as guide or illustrations and may be adopted with such suitable modifications that are required depending upon the local conditions and needs.

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CHAPTER II

OBJECTIVES

The objectives of planned development is not only to increase production and to attain higher levels of living, but also to secure a socio-economic order based on the values of freedom and democracy. It has been the primary aim to provide the basic necessities to all persons within the community and at the same time emphasize the place of human values in economic and social development. The Indian Parliament has declared that the broad objective of economic policy should be to achieve the 'socialist pattern of society'. Accordingly, the basic criterion in determining social policies and the lines of economic advance should be the good of the community as a whole. A socialist pattern of society has to be based on increased production and on equitable distribution of income and wealth. Socialist pattern also places special emphasis on the needs of the small producers and envisages a rapidly growing cooperative sector, in particular in respect of agriculture, small scale and village industries, trade and distribution. The community development movement is increasingly being required to place greater emphasis on measures to raise the levels of living and to provide work opportunities particularly for the less privileged sections in the rural areas. The twin programmes of argriculture and rural industries are, therefore, of vital importance in the context of integrated development.

2. The objectives which the programmes for village and small scale industries are intended to serve in the Third Plan are broadly to provide employment, to meet a substantial part of the increased demand for consumer goods and simple producers' goods and to provide the basis for a progressive and efficient decentralised sector closely integrated with agriculture as well as with large industries. The scale of effort in the Third Plan will be broadened and emphasis will be on promotion of these industries in rural areas and small towns. The importance that is attached to this sector of rural development can be easily gauged from the increase in provision that has been made *viz.*, about Rs. 50 crores under First Plan, Rs. 180 crores under Second Plan and Rs. 264 crores under Third Plan.

Programmes of development are formulated by State Governments and All India Boards/Commission for the development of village and small scale industries including industrial estates, traditional village industries, khadi, handloom, handicrafts, coir and sericulture. Broadly the aim is to encourage the expansion of production through private and cooperative sectors by providing positive forms of assistance like facilities for training, technical know-how, provision of credit, supply of raw materials and assisting in marketing of finished products.

3. There is widespread under-employment in the rural sector as persons engaged in agriculture have productive work only during seasons. But it is very difficult to assess the extent of under-employment. On the basis of willingness to accept additional work alone according to the National Sample Survey held in 1956 the estimated under-employment in both urban and rural areas worked out to be about 15 millions. Village and small scale industries have to play a very important role in providing additional and fuller employment to these under-employed and unemployed and that too with comparatively lesser capital investment, and results which could be achieved in shorter periods.

4. While drawing up the development plans for assisting rural industries the needs of traditional artisans are taken into account. Just as in the case of agricultural development, the aim is to make the farmer a better farmer, the objective is to provide succour to traditional industries in order to make the village artisan a better artisan. It would be easy for speedy development if electricity was available in all villages, but out of 5½ lakhs of villages in the country only 40,000 are expected to be electrified by the end of the Third Plan. Obviously, there should be a programme of development in all blocks without depending on electricity to improve the skill of the existing artisans, by giving them better tools and equipment and also by undertaking better techniques in production, besides extending credit for purchase of raw materials, working capital and share capital loans etc. It is also the objective to promote industries to serve the needs of efficient farming and to cater to the increasing demands of rural development activities.

5. Decentralisation of production and fostering the growth of a large number of small agro-industrial townships spread over the country are goals to be worked for

in the years to come. A decentralised structure can be achieved only if employment opportunities are provided in thousands of villages in the country. Concentration of development activities in towns would clearly mean that the influx of population from villages to urban areas would continue unabated if not accelerated. The programme of rural industrialisation would broadly work for the above stated economic and social objectives.

CHAPTER III

SURVEY AND PLANNING

While planning a programme of development for village and small scale industries it may be broadly classified into two categories, but may be undertaken simultaneously. The two categories referred to are—(a) an immediate programme, and (b) a long range programme.

Immediate Programme

This will confine mainly to assisting the traditional industries, Industries Extension Officers with the assistance of the other block staff, particularly Progress Assistants and Gram Sewaks, Panchayats and the existing block survey report, will conduct a rapid compilation of information about the artisans in the various trades in the block. The purpose is to locate the clusters or concentrations of artisans and to base such clusters as nuclei of development.

A seminar and exhibition may also be organized for artisans and enterpreneurs for displaying various equipments in use and also their products. Such an exhibition would give an opportunity to assess the existing standard of skill and products and also to know the needs and requirements of the artisans in the area.

Based on such available information a programme can be drawn up for assisting the existing artisans in regard to credit facilities, organizing industrial cooperatives, supply of improved tools, raw materials, sales particularly in local markets etc.

Long Range Programme

The experience of 26 Industrial Pilot Projects has led to the conclusion that a district or a group of a few districts may be a viable unit for planning small industries. However, village industries like khadi, ghani oil, brick-making, tailoring, bee-keeping, village pottery etc. can be planned with the block as a unit. Certain common facility schemes like workshops, and cluster type training centres may be planned for a group of blocks in the district. The plan for industrial development of a block will fit in as an integral part of the plan for the district which will fit into the State

Plan and which in turn will fit into the national plan for industrial development.

In order to draw up a blueprint of development of village and small scale industries as a long term programme, it is necessary to collect the following information:—

(a) Availability of manpower.
(b) Availability of skill and enterpreneurs
(c) Availability of resources such as materials, electric power, water supply, fuel, agricultural produce for processing, communication facilities etc.
(d) Proximity of markets.

Information may also be collected from wholesale dealers and shop-keepers about the type of consumer goods that are imported to the area like cycle parts, sewing machine parts, cloth, stationery, building materials etc. Similarly data could be collected about raw materials and agricultural produce, which are exported from the area. The various Extension Officers in a block dealing with agriculture, local works etc. can also assist the Industries Extention Officer to work out the requirements of various sectoral developmental activities which industries could supply. For example, bricks and tiles required for new constructions, repairing wells and constructing village pavements; agricultural implements and their repairs and maintenance, furniture and other wood articles that would be in demand, etc. can be broadly assessed based on the development plans for the block for the next three to five years. Generally most of the basic data required for the formulation of an outline of industrial development are readily available. For example, the physical resources of the area (agriculture, forests, fisheries, livestock, minerals, and power), the occupational classification of the people, the existing village industries as well as other industrial units located in the region, in the block or district and the facilities for credit and marketing can be obtained from the returns of agricultural statistics, industrial statistics, population and census tables and the basic block survey report prepared at the initative of each block. The information from these sources will perhaps have to be supplemented by a general enquiry about the demand for manufactured articles within the region/area. This can be assessed quickly through an enquiry by Industries Extension Officer and others. Non-official leaders as well as panchayats and trade associations can also assist in this task. Study of the past consumption trends can also provide an index to the future demand behaviour. It is not

necessary to hold any detailed house to house enquiry for the purpose, and it is considered enough if a few representatives of the industrial units, credit and marketing agencies are contacted to serve the purpose.

The Industries Department would give the necessary technical guidance in preparing a plan for the block as well as for the district based on information that is collected. The small Industries Service Institute of the Ministry of Commerce and Industry would actively help in this matter. The outline plan for a district will indicate the prospective village and small scale industries which can take root and flourish in the area. This list will naturally include industries already existing in the district and blocks as well as those to be introduced for the first time. Details about the location of these industries and how they should be promoted could be worked out only after a more comprehensive investigation at the block level. Each block may be given a specific task of examining the extent to which industries listed in the outline plan for the district can be introduced or developed with advantage. A limited survey is enough for this purpose, which would go into the details of working of a few selected units in the blocks. By and large a survey at the block level will be confined to a general industrial outlook survey in regard to the selected industries, which can be done by the block staff under the guidance of the district Industries Officer and also with the collaboration of local people. After getting information from the various blocks at the district level it can be decided what type of new industries could be established in different blocks particularly common facility workshops and the rural industrial estates. It is emphasised that very great stress should be laid on effective market demand in planning and promotion of industrial development. Existing and potential demand of goods and services will form the basis for planning and producing as marketing is the crux problem of development and successful working of industries.

The idea is not necessarily to develop hundred per cent self-sufficiency in every block, nor watertight economies, but to build an integrated economic frame in every block and district as far as economically feasible. Therefore, for the industrial growth to be fostered, due care should be taken of the manpower and skill available in the area, training programmes and possibilities of its development, together with other resources which must be suitably assessed as discussed already.

CHAPTER IV
PROGRAMME

In a vast under-developed sub-continent like India with varying conditions, it is difficult to consider one single pattern for rural industrialisation. It is only possible to make certain suggestions or guidlines which could be considered in the light of local conditions and could be adopted with suitable modifications. It is visualised that the following will be broadly the type of rural industrialisation in the near future:—

(i) Minimum Programme for All Blocks

There should be a minimum programme of assistance to traditional artisans to be undertaken in every block. During the Third Plan a sum of Rs. 30,000 per block (Rs. 15,000 from schematic budget and Rs. 15,000 by State Industries Department provided under the State Aid to Industries Act) for a period of five years will be provided as credit for working capital, and share capital loans and loans for purchase of tools and equipment for any deserving industry located in the area. Assistance may be given based on the fact that a craft or industry pursued yields products which have a demand, the artisans assisted are really needy, conditions exist for proper utilisation of the aid and the artisan concerned is willing to adopt improvments in techniques where such advice and facilities are available for adoption. In addition to this there is financial provision for each block under schematic budget in the way of grants, for improving the skill of existing artisans by organizing peripatetic training parties, conducting demonstrations in improved techniques and methods of production, deputing trainees to technical institutions outside the block, subsidising purchase of improved tools and equipment, assisting industrial cooperatives societies for employing improved techniques and trained managers, for organising exhibitions and village melas for promoting sale of village industries products and for conducting seminars and study camps for artisans and enterpreneurs.

(ii) Rural Industrial Development Centres

The programme of assistance to traditional industries referred to earlier would be a safeguard naturally against

displacement, and it would help to sustain these industries. But to ensure a more lasting stability and strength it is necessary to give these industries strong technical support. This could be done by providing common facility centres where required, employment equipment and techniques which individual artisans or small industrial units cannot afford and by providing training facilities and improved tools and equipment, electric power and the service of competent technical persons. It is suggested that a nominal selection of one rural industrial centre out of five blocks may be made for development. As financial resources are not available to undertake a programme of one rural industrial centre for every five blocks, at least one centre for every ten blocks as a target may be started during the Third Plan. These centres are forerunners of rural industrial estates or they may be considered as rudimentary rural industrial estates. Besides common facility centres, artisans training institutions, sales depots, craft museums, and agro-industries may be located in such Development Centres.

(iii) **Rural Industrial Estates**

Simultaneously with the organisation of rural industrial centres it is proposed to have a programme of establishing rural industrial estates. These centres may either be established straightaway if conditions are ripe or the rural industrial centres may gradually develop into rural industrial estates. These rural estates may consist of a small number of worksheds. It is suggested that by the end of the Third Plan there should at least be one rural industrial estate for every fifteen blocks or a minimum of one per district. It is intended to use the scheme of rural industrial estates as an instrument for decentralising and diversifying industries in rural areas. In order to attract small enterpreneurs in rural areas the Government have to create necessary facilities and conditions by providing electricity, water supply, factory accommodation, preferential allotment of scarce raw materials and by favourable store purchase policy. The sites for these rural estates should be carefully selected.

By using a broad classification, industries like the manufacture of farm implements and service workshops for agricultural machinery, processing agricultural products and forest products, manufacture of hardware articles, utensils, articles required for schools and offices and other consumer items may be started in rural industrial estates. Wherever possible these rural industrial estates

can undertake ancillary and feeder industries to meet the requirements of medium and large industries and they may even grow as satellites to large industries.

These rural industrial estates have large social and economic values. Therefore, they should not be considered purely as commercial enterprises. These estates have a part to play in the building up of national economy, in drawing hidden capital from sources which so far remained untapped, increasing employment potential in rural undeveloped areas and achieve the goal of decentralised economy. These rural industrial estates over a number of years are expected to grow into agro-industrial townships which will be dotted all over the country.

(iv) Integration of Rural Industries with Cooperative Farms.

While the above is broadly the pattern or type of development of industries in rural areas some of the other important aspects of development which may constitute as part of an integrated development are also required to be emphasized. A programme of organising 3,200 cooperative farming societies as pilot projects will be undertaken during Third Plan. Every such cooperative farming society should prepare a plan for developing industries allied to agriculture like dairy, repairs of farm implements, poultry, as well as processing of agricultural produce.

(v) Rural Artisans Training

It is also necessary to refer to the training facilities required for artisans. The programme of rural industrial development aims at upgrading the local traditional skills and introducing new skills and generally to assist the rural artisans to stand on their own legs, and contribute effectively to the rural economy. The existing system of training is being revised. The small training centres in the blocks without proper instructors adequate supervision and equipment should be wound up. It is proposed that training of rural artisans in the future should be concentrated either in the rural artisans training centres which may be permanent institutions or by peripatetic training parties. The cluster type training centres will consist of a minimum of four trades with a capacity of 64 trainees. The peripatetic training parties organized in the blocks will be coordinated with the cluster type training centres and conducted at the doors of artisans in order to teach them modern techniques and use of improved tools. During the Third Plan period cluster type training institutions will

be started which will be located in a block, at the rate of one for every 15 blocks, with a minimum of one per district. These cluster type centres will train artisans for self-employment in rural areas. There should also be a proper follow-up of the trained artisans in order to ensure that they avail of all facilities to utilise their improved skills and to settle in the trade. They should be organised into cooperative societies as far as practicable and they should get governmental assistance in the way of loans, grants, improved tools, and facilities for marketing the product.

The cluster type training centre will also have an extension wing, for imparting short intensive training, for selected artisans for periods of two to three weeks.

(vi) **Khadi and Village Industries**

According to the 'Naya Morh' the new approach or programme of the Khadi and Village Industries Commission, to obtain definite and representative results, some 3,000 centres of 'Gram Ekais', each of which cover a group of villages having a population of about 5,000 will be organized on the basis of the integrated development. These 'Gram Ekais' will be dispersed or located in as many Community Development Blocks as possible. Khadi and village industries are agro-industries essential to the life of the rural community. The development programme for these industries would, therefore, be an integral part of a scheme for the integrated development of compact selected areas. In an integrated development of selectd areas, it is visualised that the formulation of plans and subsequently their execution should be the function of village panchayats and cooperatives under the overall supervision and guidance of the Block Panchayat Samitis. These integrated centres of development will be selected mainly where the required response of local people is forthcoming. The programme of integrated development as visualised by the Khadi Commission is generally directed to achieve self-reliance and self-sufficiency, as far as practicable. In some villages where the people may not be ready at once to shoulder the responsibility incidental to integrated development, a certain extensive programme may be undertaken with the aim of achieving the objectives of the integrated development by gradual stages and it is expected a minimum of two village industries units should be started in a block.

(vii) Rural electrification

Cheap electricity is the life line of industrial development and hence the paramount stress on rural electrification as rapidly as possible. We have over 5½ lakhs of villages inhabited by more than 80 per cent of the country's population. Till March 1961, only about 23,000 villages would have been electrified. The outlay proposed for power during the Third Plan is Rs. 925 crores of which Rs. 105 crores have been earmarked for 'Rural electrification' with which it is intended to take up the electrification of another 20,000 villages with population of less than 5,000 each. It is obvious that more villages need to be electrified to meet the need of the rural areas, the programmes of agricultural production, and the development of rural industries.

A limiting factor is the higher cost of rural electrification as compared to urban electrification. Rural electrification is at present uneconomical due to low and scattered loads involving long transmission lines, and poor load factor. Ways and means of reducing the cost of rural extensions have been considred in the past and some of the suggestions made are (i) standardisation and evolution of most economical designs and practices for construction of lines and sub-stations, and (ii) improving the load factor by coordination of agricultural and industrial activities. It has, however, to be realised that even with these steps, rural electrification would not be self-supporting in the limited financial sense, for a long time. At the same time, it has to be recognised that large scale extension of electrification to rural areas is essential not only for the promotion of agricultural and small industries programmes in these areas, but also for their social and economic development generally.

Hence Zilla Parishads and Block Panchayat Samitis will have to take a keen interest in promoting rural electrification and proper utilisation of the available electric power in the rural areas.

The block has been accepted as the unit of planning, administration and implementation, as far as practicable. While drawing up an integrated plan for industrial development of a block, which will ultimately fit in the district plan, the resources available from the various sources and agencies, have to be pooled together. Continuous follow up action is called for to implement this important decision.

CHAPTER V

SCHEMES FOR SPECIAL AREAS

The programme suggested in the previous chapter is the evolutionary outcome of a large number of trials and experiences carried out in the field for many years. Deliberations of a number of conferences and seminars, discussions and studies and cumulative thinking on the part of the States and the Centre, have contributed to its formulation. Even so, it was never intended to serve as a rigid pattern to be adopted in every area irrespective or varying local conditions. In fact, it was already made clear that it was more of a guide for chalking out the programme for each block based on the desires and aspirations of the people and the requirements within limitations of the budget and other resources, they are able to command either privately or from various agencies. In spite of the flexibility of the schematic budget, and the discretion given to the States, the programme in the past had tended to follow a uniform pattern. It is again stressed that in this vast country with different geographical, climatic and cultural conditions no uniform pattern of development could be equally effective in the whole country and that special problems for different parts of areas such as tribal, hilly, coastal and dry areas, and areas around cities deserve special treatment and emphasis.

It is also realised that any programme drawn at the Centre at the best would be only general and it may again suffer from defects which are intended to be removed *i.e.* standardisation. The actual pattern for the various physical regions can be evolved by the State Government concerned in consultation with the people of these areas. If the industries programme of blocks is really evolved by the people with the assistance of the block agency, this uniformity would not arise. The following are some of the schemes and suggestions which might be taken into consideration while formulating plans for various areas:—

Tribal areas

The industries which are promoted in the tribal areas should cater to the primary needs of life, namely, food, clothing and shelter, such as food processing industry,

handloom weaving and building materials. While chalking out a programme for tribal areas, stress should be laid on locally available raw materials. marketing facilities. As far as possible, the tribals should be encouraged to produce such things which they consume themselves except for certain items for which raw materials may be locally available and for which there should be an outside market. The following are some of the industries which could be developed in many of the tribal areas:—

(a) Spinning on traditional Charkhas and weaving. (It is not desirable to introduce Ambar Charka because the production on Ambar Charkha is high and it would be difficult to sell yarn and cloth outside the area). The tribals weave beautiful designs on bamboo and loin looms and they should be encouraged to continue weaving of such fabrics of designs not only for their own use but for outside market.

(b) Silk worm rearing such as ericulture, sericulture, tasser and muga.

(c) Bee-keeping.

(d) Soap making from non-edible oils available in the area.

(e) Tailoring for making simple garments.

(f) Mat weaving, basket making etc.

(g) Lac cultivation.

(h) Cane and bamboo products.

(i) Fibre industry.

(j) Jewellery.

(k) Bell-metal articles.

Coastal areas

Following are the industries particularly suitable for the coastal areas:—

(a) Fish traps and basket making.

(b) Manufacture of bottons, bangles, curios etc. from sea shells.

(c) Manufacture of fish meal and shell grit for poultry and fish manure for plantation.

(d) Establishment of straw board factories to utilise surplus rice straw.

(e) Manufacture of such specialised improved agricultural implements required for cultivation namely intercultivators, threshers, etc.

(f) Ambar spinning and utilizing of yarn for weaving cloth and also for making fishing nets.

(g) Hand pounding of rise.

(h) Salt manufacture.

(i) Coir mats, ropes, etc.

(j) Manufacture of umbrellas.

Desert and dry areas

The following are particularly suggested for these areas:—

(a) Wool industry (generally coarse wool is available in desert areas like Rajasthan which is used for making blankets, carpets, etc).

(b) Spinning and weaving including ambar.

(c) Tanning and leather goods manufacture.

(d) Chalks and crayon manufacture.

(e) Lime burning.

(f) Village oil industry.

(g) Processing of cereals.

(h) Ban and mudda making.

(i) Cloth printing (many people from desert areas are more fond of colourful dress).

(j) Jewellery.

(k) Bangles and beads.

Hilly areas

The following industries can be promoted in hilly areas:—

(a) Bee-keeping.

(b) Collection of minor forest produce and processing such as extraction of non-edible oil, fibre for making ropes, lemon grass oil, katha and kutch, etc.

(c) Soap making from non-edible oils.

(d) Fruits and vegetables preservation.

(e) Silk industry.

(f) Timber work and saw mills.

(g) Extraction of medical herbs.

(h) Mats and basket making.

(i) Brushes of coir, wood fibre, etc.

(j) Lime burning.

(k) Mats and basket making.

(l) Spinning and Weaving.

(m) Wool industry (provided wool is locally available).

(n) Manufacture of charcoal for sale in cities and towns.

(o) Wood carvings.

Blocks situated near cities and towns

The role of the villagers has been to produce food and other requirements of the towns for which the villagers got very little in return. In order to have a healthy growth of the society and to have a balanced economic development, the activities of villages and towns to a large extent should be complementary to each other. It is not possible to produce enough food in the towns but the towns could certainly extend a number of services to the villages around and help to raise the standard of living of the villagers. It should be the aim to have a complementary and integrated approach in the development of towns and villages in the country. Certain village industries like spinning and processing industries, should, as far as possible, be confined to rural sector. The villages around towns and cities have to be treated on a different footing from that of those in the interior. Emphasis might be laid on the production of ancillaries in blocks near urban areas for medium and large-scale industries located in the towns and cities. This will greatly help in eliminating the sad contrast of economic condition in the urban and rural sectors as it stands today besides diversifying industries and decentralising the economy.

Availability of cheap electrical power in such blocks would help very much in promoting a suitable industrial development programme. Another important factor is to create necessary cooperative institutions to supply credit, raw materials and assist in marketing. Such block headquarters and towns nearby should be planned as centres for industrial development from where the common service could diffuse and radiate to the surrounding areas.

A list of industries which may be taken up for development in the blocks round cities and towns is given below:—

(a) Food and allied industries.

(1) Confectionery.

(2) Fruits and vegetable canning and preservation, and other cereal products.

(3) Spices and condiments etc.

(4) Pasturised milk, butter, ghee, cheese and cream.

(b) Clothing and allied industries.

(1) Artificial flowers.

(2) Hosiery, ready made garmenis.

(3) Dyeing and block printing.

(4) Zari works.

(5) Handloom fabrics: Towels, handkerchiefs, bed sheets, table and pillow cover, curtain cloth etc.

(c) Housing and allied industries.

(1) Bricks and tiles making.

(2) Cement blocks and pipes.

(3) Brass foundry for making hasps, staples, hinges, and sanitary fittings.

(4) Bolts and nuts.

(5) Conduit pipes and electrical accessories.

(d) Wood working and furniture.

(1) Saw mills.

(2) Seasoning of wood.

(3) Furniture and cabinet making, photo frames.

(4) Door and windows.

(e) Leather and leather goods.

(1) Footwears, both western and indigenous.

(2) Suitcases and travel leather boxes, brief cases, vanity bags and purses.

(3) Holdalls and canvas shoes.

(4) Cushion seats and saddles.

(f) Earthen-wares and pottery (Porcelain).

(1) Flower pots, water pots and jugs.

(2) Drain pipes.

(3) Electrical accessories.

(4) Plates and water cups and crockeries.

(5) Toy making.

CHAPTER VI

ADMINISTRATION AND FINANCIAL RESOURCES

Administration

The Government have established under the Ministry of Commerce and Industry the following organisation for development of village and small scale industries:—

Advisory:

(1) Small Scale Industries Board.

(2) All India Handloom Board

(3) All India Handicrafts Board.

Statutory:

(4) Khadi and Village Industries Commission.

(5) Central Silk Board.

(6) Coir Board.

To facilitate the development of small scale industries the Ministry of Commerce and Industry have established in each State the Small Industries Service Institute directly under the Development Commissioner, Small Scale Industries besides a number of Extension Centres for small scale industries where such industries are concentrated. The Khadi and Village Industries Commission and the All India Handicrafts Board have their regional offices and experts.

At the State-level, the State Khadi and Village Industries Boards, which are statutory, are the counterparts of the Khadi and Village Industries Commission. All the other Boards normally operate through the State Industries Departments and Directors of Industries. In case of handloom the implementation of the programme in certain States is carried out through the Registrar of Cooperative Societies. The Khadi Commission also had advised the State Khadi and Village Industries Boards to fully utilise the Directorates of Industries as far as practicable in planning and implementing their programme.

At the block level the Industries Extension Officer is an agent of all the Boards, the Khadi Commission and the State Industries Department. He is on the cadre of the industries Department and he gets his technical guidance and assistance from the district Industries Officer. At the block level he is administratively responsible to the Block Development Officer. He will work as the chief executive officer of the Industries Functional Committees for the Block Panchayat Samiti. He has been given a definite job chart by the State Government about conducting surveys, supervision and coordination of industrial units in the blocks, organising industrial cooperative societies, rendering assistance in marketing and technical knowhow, organizing exhibitions, in getting credit facilities and raw materials, demonstrating improved tools, supply of machines on hire-purchase, and to create an atmosphere for development of industries in the area.

Financial Resources

According to the draft Third Plan a sum of Rs. 264 crores has been provided, which will be placed at the disposal of the Ministry of Commerce and Industry for development of village and small scale industries as detailed below:—

Handloom and power looms	38·0
Khadi and Ambar	72·4
Village Industries	20·0
Small Scale Industries	84·6
Industrial Estates	30·2
Handicrafts	8·6
Sericulture	7·0
Coir Industry	3·2
Total	264·0

Besides these provisions, it is expected that Rs. 65,000 will be provided for a period of five years for Stage I Block and Rs. 50,000 for Stage II Block respectively.

In addition, the Planning Commission has estimated that about Rs. 275 crores are expected to be invested from private sources.

Out of the provisions provided by the State, certain amounts will be earmarked for extending financial assistance to rural industries under the liberalised procedure

adopted for granting loans under the State Aid to Industries Act/Rules in order to advance small loans on personal bonds and sureties.

Government has also been making concerted efforts to provide institutional credits for village and small scale industries at concessional rate of interest. Loans for working capital for handloom industry are given by the Reserve Bank of India through the Central Cooperative Banks. A scheme for providing credit for small scale industries and handicrafts under the 'Credit Guarantee Scheme' has been recently launched to enlarge the supply of institutional credit to industrial units. The Reserve Bank of India has been entrusted with the administration of this scheme. The scheme now operates in 52 districts and the question of extending the scheme to other districts will be considered in due course. The State Bank also has been offering credit facilities to small industries against pledge of raw materials and finished goods. Attempts has also been made to persuade the Central Cooperative Banks to set up a separate division for each bank to look after the credit needs of industrial cooperative societies. Loans are also advanced by State Financial Corporations to small scale industries. All these efforts might result in making available more and more institutional finances for small scale industries particularly in the urban sector. In such an event the resources of the State could be gradually diverted to the rural areas, the weaker sector. Assistance is also provided by the National Small Industries Corporation and the State Small Industries Corporations in the way of supply of machines on hire-purchase basis to the small industrial units. Recently the Life Insurance Corporation has agreed to finance the establishment of industrial estates set up by Cooperatives or Companies. Details of these various schemes would be available with the District Industries Officers in order to make the information available to the local enterpreneurs, industrial units, industrial cooperatives and artisans, so that they may take advantage of the facilities that are offered.

As referred to earlier, each block has a nucleus provision under the schematic budget of a C.D. Block which might be normally utilised to assist the traditional industries. The substantial programme of rural industrialisation has, therefore, to be financed out of the allotment of Rs. 264 crores for village and small scale industries and other resources including institutional finances. The Government of India have advised the State Governments

that at least a minimum of 75 per cent of the total allotment for village and small scale industries should be spent in rural and semi-urban areas, out of which two-thirds to be in villages with less than 5,000 population.

Industries Allotted for Development

The following are the industries allotted to the various All India Boards/Commission for development:—

(i) *Small Scale Industries Board.*—The definition of small scale industries will include all industrial units with a capital investment of not more than Rs. 5 lakhs which is not under the jurisdiction of any of the other Boards may come under the purview of the small scale Industries Board for purposes of development and assistance.

(ii) *Khadi and Village Industries Commission.*—The Commission deals with the development of the following industries:—

Traditional Khadi, ambar, processing of cereals, village oil crushing, village leather tanning, (including flaying and bone digestor), gur and khandsari, palmgur manufacture, non-edible oils, crushing and soap making, handmade paper, bee-keeping, village pottery, fibre, cottage match, carpentry and blacksmithy.

(iii) *All India Handloom Board*—Handloom industry (cotton, silk and wool).

(iv) *All India Handicrafts Board*—This Board has taken up the following industries for development:—

Handprinting and dyeing of textiles, toys, stone and marble carving, wood work, lace and embroidery, fancy leather goods, artistic pottery work, gold and silverware, ivory carving, bidri, himroo, carpets and druggets, silver filigree, papier machie etc.

(v) *Central Silk Board*—This Board is responsible for the development of various silk industries *viz.* sericulture ericulture, tasser and muga.

(vi) *The Coir Board*—This Board deals with the development of the coir industry. This industry is carried on in the States of Kerala, Madras Mysore, Maharashtra, Orissa, Andhra and West Bengal. It is concentrated mainly in the Kerala State.

CHAPTER VII

INDUSTRIAL COOPERATIVES

It is needless to emphasize the importance and suitability of industrial cooperative societies for organizing village and small scale industries as it is an accepted and well-established fact that cooperatives are the best form of organisation to undertake this task. Industrial Cooperatives are generally of two categories—(i) Production societies producing goods, and (ii) service societies helping their members through supply of raw materials and equipment, the provision of technical aid and the marketing of finished products. In the production societies goods are produced and sold on the society's account, profit or loss being borne by the society. In the service society goods are produced and sold on the members, account, profit or loss being borne by the member.

Producers' societies may be of two kinds—(i) those in which the productive activities are carried on in the homes of their members, and (ii) those in which the activities are performed in a factory or work place. In most of the weavers' cooperative societies the production activity is carried on by their members in their own houses. The society supplies yarn required for manufacture of cloth, pays them wages and takes back the finished goods for sale. Societies for the manufacture of light engineering goods usually produce goods in a factory where machinery and other equipment have been installed. In such societies the members work in the society during prescribed hours under the daily or piece-wage system, convert the raw materials supplied into finished products and leave them with the society for sale.

A service society may be either a primary society or federal society. If it is a primary society, consisting of individual members, producing goods in their own premises it is restricted to a small area like a single town or a single or group of villages. It sells or hires raw materials, tools etc. and also markets their finished products. If it is a federal society consisting of primary societies as its members it has a larger jurisdiction and takes on additional

48 Dir. of C. & I.—3

functions such as the provision of technical aid, the common facility centres, and sales depots. Of course, even a primary society may take up the function of providing these extra facilities if it is financially strong enough to do so.

Normally there ought to be an industrial cooperative society for each industry or craft. If in any case two or more industries or crafts are to be combined in one society it should be carefully examined whether the members will have a community of interest and whether there is scope for the success of the society. Such single purpose societies can be organised only based on concentrations or colonies of artisans. Where artisans are scattered they may be enrolled in multi-purpose or agricultural service societies, so that they could get credit and raw materials from such societies.

In order that an industrial society may be truly cooperative it should normally confirm to the cooperative principles and methods. First it should be owned and controlled by its beneficiaries *i.e.* small producers and workers. Secondly, every member should have an equal voice in the administration of the society. In other words 'one man one vote' should be the rule. Thirdly although each member should be paid according to his ability and efficiency, he should not have a share in the profit of the society more than what he contributes to it. When the annual profits of the society are distributed after setting apart some reserves, and after declaring a dividend on shares, the rest of the profits may be divided among members in proportion to the services rendered or availed of by the members. The bonus or rebate is calculated on the wages earned or business transacted by each member in the society and to the extent of the services done by each *i.e.* on the value of the services rendered to the society. In exceptional cases there may be some relaxation to the cooperative principles particularly in enrolling members in certain industrial cooperatives. The members may not be able to provide leadership, capital and managerial ability. In such cases, it is desirable that a few sympathisers are admitted in the society. But their number should be restricted to ten per cent of the total number of members and care should be taken that the sympathisers are genuinely interested in the welfare of the active participants *viz.* small producer and worker members.

The Panchayats have got a distinct role to play in promoting the society and also in the successful working of

cooperative societies within their area. Panchayats, while drawing up village production plans should take into consideration that the articles produced by the societies are consumed locally, and the society should undertake production based on the guide lines, by and large, indicated by the production plans of the Panchayat.

In many societies the members are not in position to maintain accounts and also to conduct the business themselves. In such societies trained managers should be appointed and the Government may assist or subsidise the salaries of managers.

Besides conducting training for managers, it is also necessary to give some kind of training in cooperative principles and practices to the members of the society. Such a training programme on the lines undertaken for various programmes in Community Development Blocks may be organized by Industries Extension Officer.

In appreciation of the fact that the active participation of women in productive efforts is a condition precedent to the radical change in social and economic structure of the society, it is necessary that attempts are made for the establishment, of women industrial cooperatives. Women, particularly the economically poorer sections of the community, have no prejudice against earning their own livelihood by taking to with due encouragement some sort of occupation. It is hardly necessary to state that in the establishment of industrial cooperatives for women, the initiative has to come mainly from Government. For this purpose it is recommended that trained women organizers may be appointed at least on a district level for conducting regular propaganda among women folk. The women organizers should be carefully selected and trained in the principles of cooperation, organisation, administration, accounts and also in giving technical instructions in a few important industries. To some extent Mukhya Sevikas and Gram Sevikas in the blocks can also be trained to attend to this work. As far as possible women will have to be engaged in such trades to be carried on in their homes, or suitable work-places which provide necessary facilities. The possibilities of organizing womens societies in respect of industries like spinning, weaving, embroidery, tailoring, toy-making, tiles manufacture, bamboo products, fishnet making, hand-pounding of paddy, ornamental leather goods making, food preservation, canning and preparation of pickles etc. may especially be considered.

CHAPTER VIII

ROLE OF PANCHAYATI RAJ

Panchayati Raj refers to the three-tier system of peoples institutions *viz.*, Zila Parishads at the district level, Panchyat Samiti at the block level and the village Panchayats. With the introduction of the Panchayati Raj, coordination and implementation of the programme of village and small scale industries will be entrusted to the statutory organisations at the various levels. It has to be ensured that these new peoples' institutions or agencies render a special impetus to the programme which have, not in all cases, registered uniform and satisfactory progress in the past. With the inception of democratic decentralization and launching of the Panchayati Raj in the States, it is necessary to re-orient the working of rural development departments. These departments would act as technical bodies for these peoples institutions for planning and implementing the programmes. Necessary delegation of powers and also decentralisation of economic production and implementation of the programmes by the people's institutions will give the necessary substance to the decentralisation of powers to these bodies.

The importance of village and small scale industries from the point of view of generating employment opportunities and of increasing the economic well-being of village communities can hardly be over-emphasized. Since the artisans and craftsmen constitute only about ten per cent of the rural population it is necessary to ensure their representation in these statutory bodies. Their interest could be safeguarded by co-option of some of their representatives and those of the rural industrial cooperatives on the industrial functional sub-committees.

At the district level the Zila parishads should be the principal coordinating authority for the programme and the District Industries Officer should be the chief officer for the promotion of the village and small scale industries working under the overall guidance of the Industries Subcommittee of the Zila Parishads. The programme planned on a district basis which would be catering to the needs of more than one block, will come under the purview of the

Zila Parishads. At the block level the Block Panchayat Samiti would be the planning, coordinating and the implementing authority for the industries programme and working through the Block Development Officer and the Industries Extension Officer.

With the delegation of powers and the grant of rights certain responsibilities also devolve on the Panchayat Raj. These people's institutions at the various levels will be broadly responsible to see that with the assistance that is available from the Government, proper climate is created for rural industrial development, and to provide fuller and additional employment to the people in the area. By promoting the sales of products of village and small scale industries more and more industries can be developed and in this task the peoples' institutions have a great role to play. These institutions have to foster and promote mutual aid, Swadesi spirit and particularly a consciousness of enlightened self-interest. By buying the products of village industries a villager is helping his neighbour to be employed and is giving him an opportunity to be self-reliant and a dignified member of the society and thereby promoting peace, security, and goodwill in the community. The following may be a broad division of the functions which may be revised in the light of experience and subject to local conditions:—

Functions of the Panchayat

1. Ambar programme on the basis that the cloth produced will be consumed by the people in area.
2. Promotion of small processing units for agricultural produce wherever conditions are favourable and ensuring local consumption of the products.
3. Follow-up of individual artisans trained in arts and crafts, and supervision of the utilization of financial aid and technical aid.
4. Recommend candidates for artisan training.

Functions of the Block Panchayat Samiti

1. Survey of industrial resources and planning and implementation of the industries programme of the block.
2. Promotion of local sales and enlisting people's participation for industries programme.
3. Selection of candidates for training as artisans and follow-up of the trained artisans.

4. Promotion of industrial cooperative societies.
5. Grant of loans and subsidies under the State Aid to Industries Act and recovery of loans.
6. Popularisation of improved equipment and tools.
7. Organise industries seminars, exhibitions and melas in the block for artisans and other entrepreneurs for promoting sales, demonstrating improved tools and equipment and better techniques for production.
8. Development of rural industrial estates, Common Facilities Centres, and artisans training institutions.

Functions of the Block Panchayat Samiti

1. Survey and planning of industries for the district and coordination of the programmes of Block Panchayat Samitis.
2. Supply of raw materials, marketing, promoting composite emporia etc.
3. Planning rural electrification and its utilisation for industries.
4. Planning of rural industrial estates, common facility centres and cluster type training centres for industries.
5. Promoting industries seminars, exhibitions, etc. at the district level.

GMGIPND—M—48 Dir. C. & I.—29-8-62—7000